

MARICOPA COUNTY THIRD QUARTER FY 2001-02 FINANCIAL & PERSONNEL RESULTS REPORT

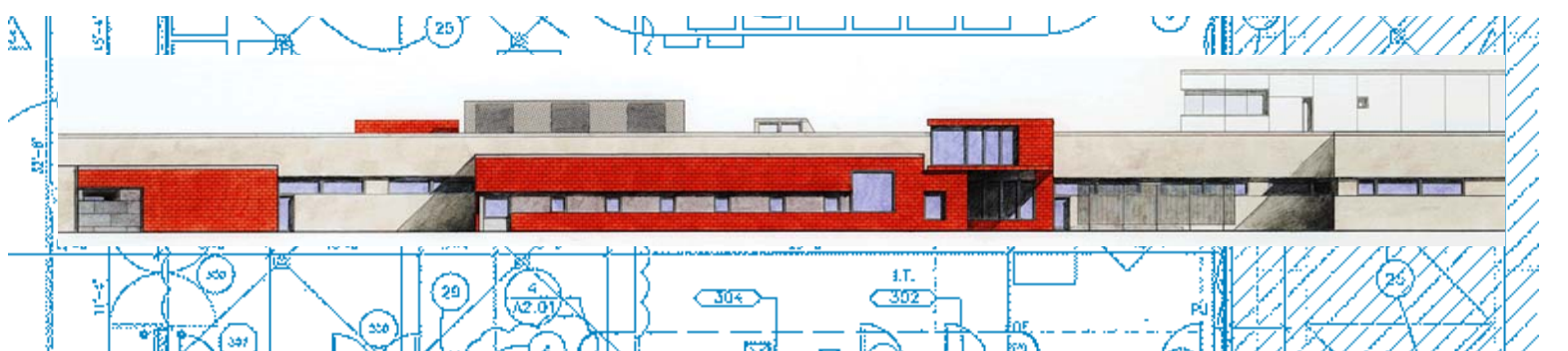




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Maricopa County Financial & Personnel Results Report 3rd Quarter FY 2001-02
Prepared by the Office of Management & Budget



Maricopa County Officials

Board of Supervisors

Don Stapley, Chairman
District 2

Fulton Brock
District 1

Andrew Kunasek
District 3

Max W. Wilson
District 4

Mary Rose Garrido Wilcox
District 5

County Administrative Officer

David R. Smith

Deputy County Administrator

Sandra L. Wilson

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Introduction

Achieving Countywide strategic performance results, increasing employee job satisfaction and providing a better quality of life for employees, requires successful financial and personnel resource accountability. The 3rd Quarter Financial and Personnel Results Report for FY 2001-02 provides management with the tools necessary to achieve organization objectives and measurable results in order to assess emerging personnel trends and make informed decisions. Accomplishing personnel strategies and improving accountability processes requires successful management of funded positions, administration and control of staffing resources and financial and personnel decision-making based upon accurate and timely data. The Office of Management and Budget (OMB) works to provide this information and ensure full funding for all positions through the Funded Position Policy and the Lump Sum Budgeting Guidelines used in preparation of the annual budget.

Maricopa County's financial and personnel resource strategies focus on the recruitment and retention of productive employees. Retaining highly productive and accomplished employees requires alignment of employee performance with a personal commitment and cooperation in attaining Countywide objectives. Crucial elements of these processes include:

- Compensation, including wages, benefits and employee leave programs.
- Development of employee relations programs.
- Ongoing development and maintenance of programs, processes, services, resources, and training to enhance the health, morale, productivity, and organizational knowledge of employees Countywide.

The operational and financial impact of human resources issues, trends, position control, recruitment and staff retention are contained in the following sections:

- Highlights
- Personnel Costs & Savings
- Attrition (Turnover Rates) & Vacancy Rates
- Employee Retention
- New Directions

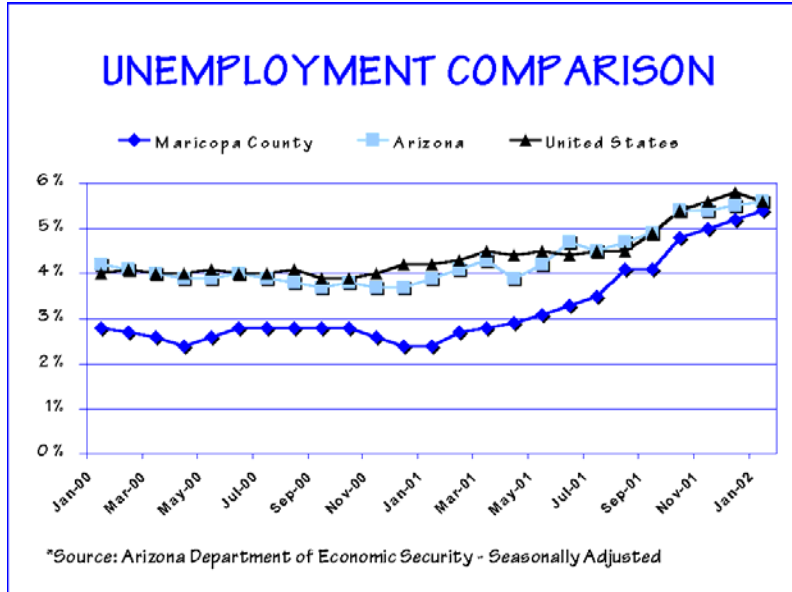
Information concerning departments with small numbers of employees (less than 25) should be used with extreme caution. A change of one or two vacancies, positions or terminations reflects a higher percentage change than those same movements within larger departments. These higher percentage changes may or may not reflect significant issues within these smaller departments.



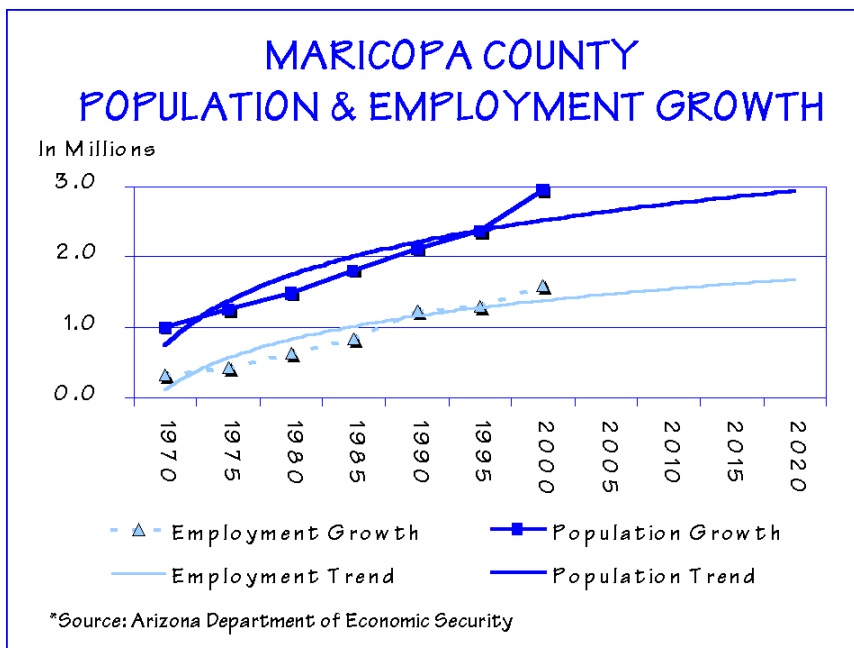
Highlights

Maricopa County's responsibility to provide mandated services to its citizens continues in the face of declining revenues and an expanding population. The sagging economy affects financial and personnel resources in the areas of employee turnover or the rate of employee separation, retention, productivity, hiring, training and development, and compensation. The current recession negatively impacts the County's unemployment rate and revenue streams. With 36.2% of the General Fund budgeted expenditures in personal services for FY 2001-02, (excluding appropriated fund balances), the County continues to explore ways to reduce the impact of the economy upon financial and personnel resources.

The chart at right compares the Maricopa County unemployment rates to those of the State of Arizona and the nation.



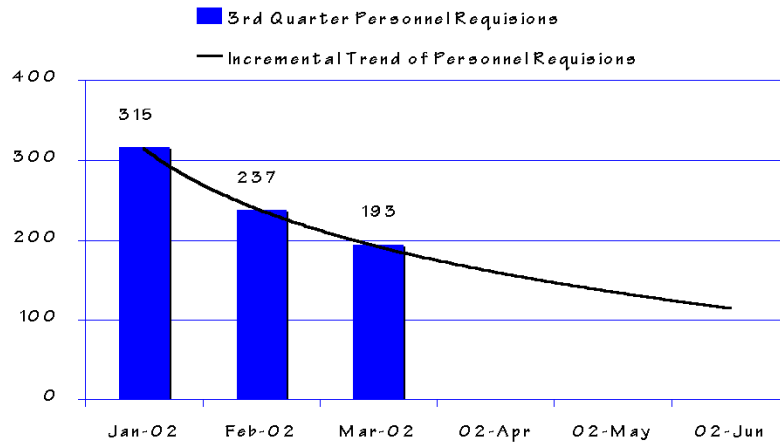
Unemployment rates began to spike in the spring of 2001, the official start of the recession in Arizona, according to Elliott D. Pollack & Co. As of December 31, 2001, Maricopa County's unemployment rate of 5.4% reached an all-time high since FY 1992-93 when it hit an annual average of 5.7%. The County's unemployment rate of 5.4% is just shy of that of the State of Arizona and the nation's rate of 5.6%. For the first time over the past century, a recession has affected Maricopa County's economy at the employment level quicker than the rest of the nation.



Actual employment growth has not kept up with the County's population spike, particularly between the years 1995 and 2000. The chart at left provides actual growth versus the incremental growth trends for employment and population. The trends show population increasing at a greater rate than that of employment.



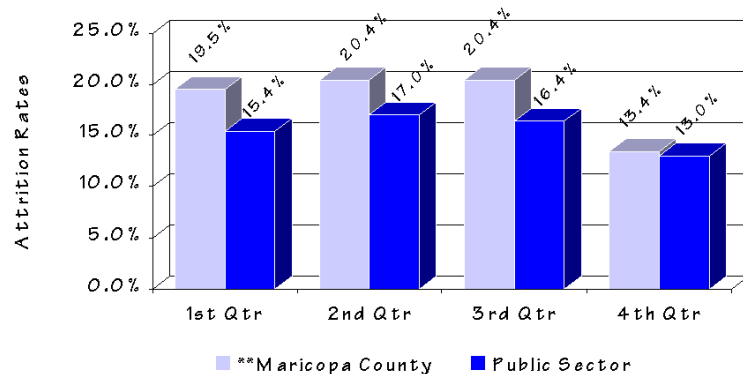
3RD QUARTER FY 2001-02 PERSONNEL REQUISITIONS*



Budgetary concerns currently place limits on Maricopa County's spending and affect hiring. As the chart at left illustrates, hiring has steadily dropped since the beginning of 2002. Employment Services maintains nearly 400 active personnel requisitions on file under normal economic conditions. As of the end of the 3rd quarter of FY 2001-02, less than 200 active requisitions were on the books.

According to the Bureau of National Affairs, Inc., (BNA) *Bulletin To Management* dated March 14, 2002, in an article titled, "Weak Economy Brings Sharp Decline in Employee Turnover," the article goes on to say that the shrinking economy sees fewer employees voluntarily separating nationwide. The BNA formula used in measuring attrition compares the number of employee separations (permanent separations excluding Reductions-In-Force) to the average number of regular positions filled and annualized. Turnover history shows that employees shy away from pursuing new employment opportunities during times of economic slowdown. The article states that all major industry sectors experienced lower employee attrition during the calendar year 2001 from the previous calendar year. The chart at right shows the calendar year 2001 quarterly progression of attrition. Maricopa County's annual attrition rate for the calendar year 2001 of 18.4% is 2.8 basis points higher than BNA's annual Public Sector attrition (including health care) of 15.6% for the same period.

BNA, INC., ATTRITION FORMULA QUARTERLY COMPARISON*



*Actual Attrition Calculations for 2001 Calendar Year.

**BNA, Inc., Attrition Formula Calculation Applied to Maricopa County.

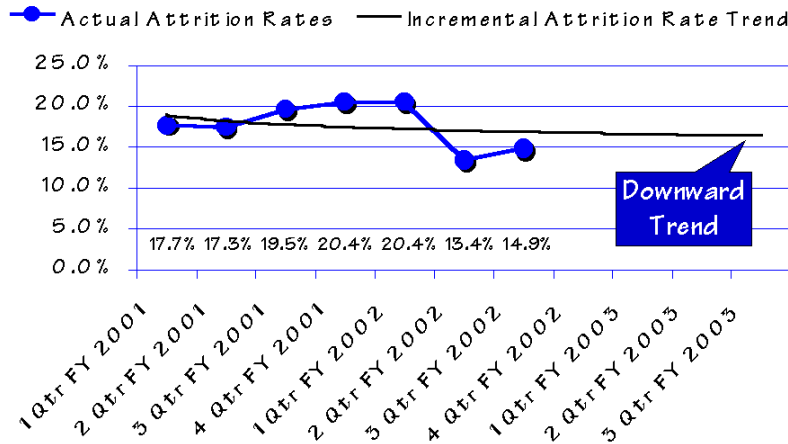
Maricopa County's BNA, Inc., calculated attrition rate declined significantly as of the quarter ending December 31, 2001. This reduction in the County's attrition corresponds to a significant reduction in the number of employee separations during the quarter. The current quarter ending March 31, 2002 shows an increase of 1.5 basis points or 14.9% in attrition Countywide. This increase appears to be primarily due to an increase in voluntary separations by 6.1%, an increase in involuntary separations



by 48.1%, offset by a 1.0% increase in the total number of positions filled.



BNA, INC., ATTRITION FORMULA QUARTERLY ATTRITION TREND



The chart at left illustrates the actual and projected incremental downward trend in attrition, while quarterly rates vary in either direction.

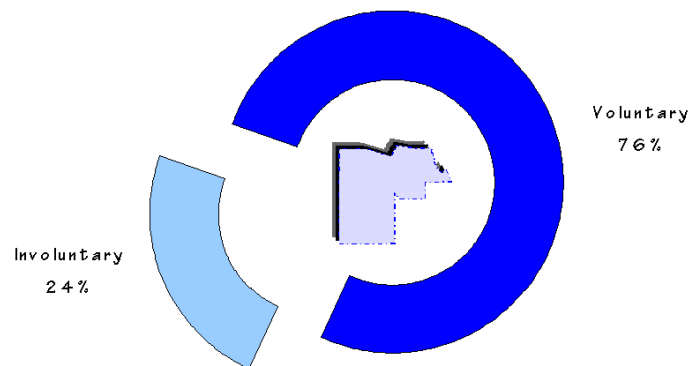
Involuntary separations comprise the bulk of the *increase in attrition during the 3rd quarter FY 2001-02*. The involuntary separations primarily represent employees released while on initial probation or involuntary leave from unclassified status.

Employee separations refer to permanent separations from County employment. Separations are categorized as either voluntary or involuntary. Voluntary separations may result due to employee satisfaction issues. The higher the voluntary separation rates the higher the financial and operational impact to County departments. Involuntary separation increases may reflect personnel training, recruitment or performance issues.

As demonstrated on the chart at right, YTD 3rd quarter FY 2001-02 voluntary separations represent 76% of all employee separations versus 24% involuntary separations.

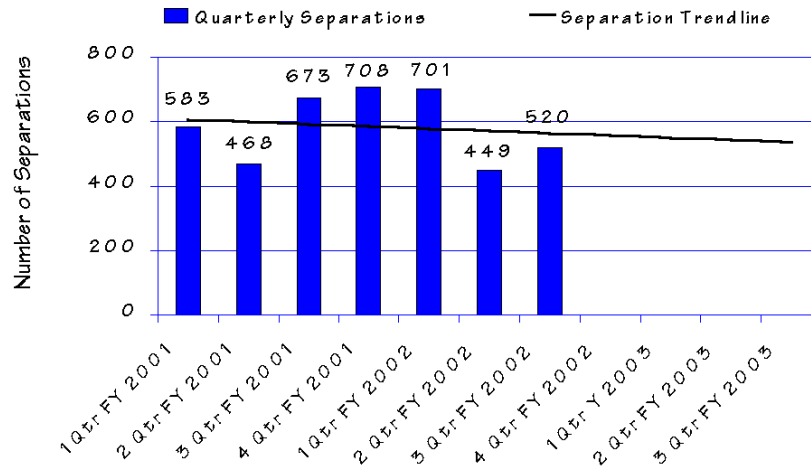
As mentioned earlier, involuntary separations increased over 48% from the 2nd quarter FY 2001-02.

MAJOR SEPARATION CATEGORIES YTD 3RD QUARTER FY 2001-02





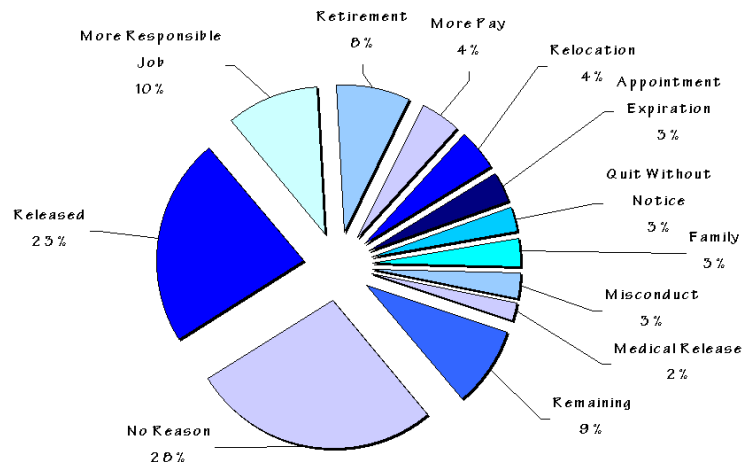
QUARTERLY SEPARATION TREND



The employee separation trend appears to be steadily declining, as seen on the chart at left.

The majorities of employees voluntarily separating gave no reason for separation or were involuntarily released. The remaining separations were for more responsible jobs, retirement, more pay, relocation reasons, etc., as shown on the chart at right. Additional separation information may be found in the employee retention section of this document.

3RD QUARTER FY 2001-02 SEPARATIONS BY REASON



Vacant positions indicate how well employers utilize employees in relationship to results achieved. Maricopa County continues to assess staffing levels and vacancy rates in order to determine whether operational issues are adequately addressed.

Maricopa County's 3rd quarter YTD FY 2001-02 *vacancy rate* is 12.9%. This represents an increase of 4.0 basis points over FY 2000-01 vacancy rate of 8.9%. The increase in vacant positions may be due to the Board of Supervisors approved Budget Balancing Plan established in October 2001 to offset the effects of the current recessionary economy. The plan may affect management decisions regarding the filling of non-critical vacant positions, thus creating vacancy savings at fiscal year-end.

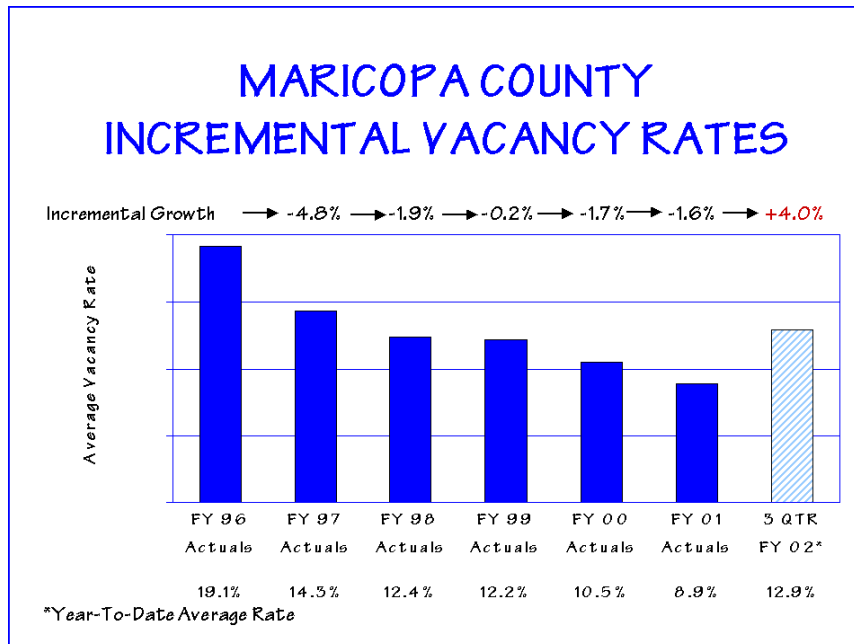


MARICOPA COUNTY FINANCIAL AND PERSONNEL RESULTS REPORT 3RD QUARTER FY 2001-02

The formula used when calculating vacancy rates compares the number of vacant positions to the total number of positions authorized in the budget process. The table below lists the departments with average YTD 3rd quarter FY 2001-02 vacancy rates that are higher than Maricopa County's average vacancy rate of 12.9% for the same period. These rates are compared to the FY 2001-02 quarterly rates to date and to the average rate for FY 2000-01.

MAJOR DEPARTMENTAL VACANCY RATE COMPARISONS					
Department	Average YTD 3 rd Quarter FY 2002	3 rd Quarter FY 2002	2 nd Quarter FY 2002	1 st Quarter FY 2002	Average FY 2001
Health Care Mandates	32.3%	25.0%	31.6%	40.4%	34.3%
Maricopa Health System	28.5%	27.4%	30.4%	27.8%	19.2%
Correctional Health	24.3%	21.3%	22.6%	29.1%	14.0%
Maricopa Health Plan	21.1%	16.6%	23.6%	23.0%	19.2%
Superintendent of Schools	19.3%	15.6%	15.6%	26.7%	5.0%
Housing	16.7%	17.2%	17.2%	15.9%	18.4%
Public Health	15.6%	13.7%	15.1%	18.2%	11.3%
Juvenile Probation	15.2%	33.4%	6.2%	6.0%	6.2%
Total Maricopa County	12.9%	12.3%	13.3%	13.0%	8.9%

The highest vacancies appear to be in the health care arena as shown on the table above.



The 12.9% vacancy rate for the average YTD 3rd quarter of FY 2001-02 increased to its highest level since the 2nd quarter of FY 1997-98.

The attrition and vacancy rate section of this document provides additional information regarding individual vacancy rates and their impacts.

Countywide personnel savings YTD 3rd quarter FY 2001-02 for all funds excluding grants of \$27.9 million represent 6.1% of budgeted personnel costs for the same period. General Fund personnel savings YTD 3rd quarter FY 2001-02 of \$14.4 million represents 9.4% of YTD budgeted personnel costs.



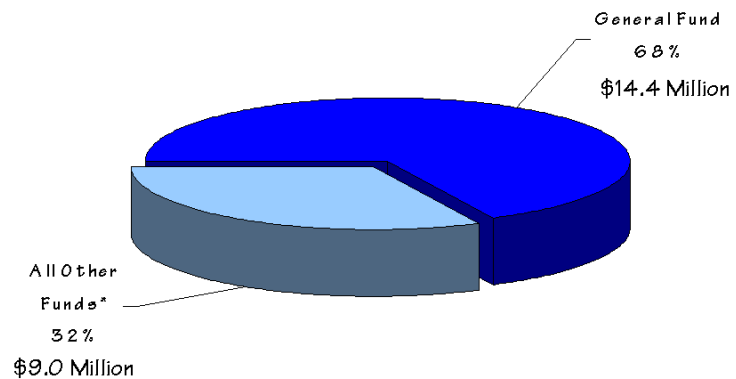
MARICOPA COUNTY FINANCIAL AND PERSONNEL RESULTS REPORT 3RD QUARTER FY 2001-02

Personnel savings are grouped by fund in this document. The General Fund is a general operating fund set-up to account for the resources and uses of general governmental operations of the County. Taxes provide most of these resources. Enterprise funds are accounted for in a method similar to private business enterprise, where user fees are intended to recover expenditures. Special Revenue Funds are restricted to use by statute and local policy. The personnel savings section of this document places emphasis upon General Fund personnel savings. This fund has the greatest impact upon the citizens of Maricopa County. All other sections of this document which make reference to personnel savings include all funds (excluding grants).

Current personnel savings are primarily derived from low attrition rates and high vacancy rates. Overtime pay and temporary pay that is not budgeted may offset personnel savings.

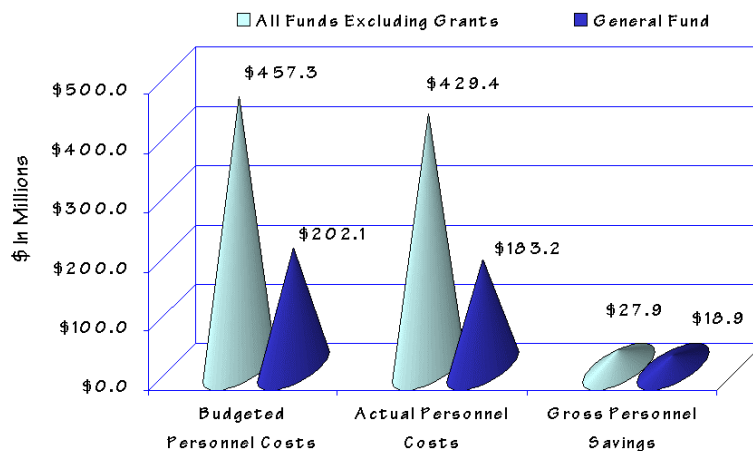
The chart at right separates General Fund personnel savings from all other funds except grants. 68% of all personnel savings occur in the General Fund.

YTD 3RD QUARTER FY 2001-02 PERSONNEL SAVINGS COMPARISON



*Excludes Grant Funds

PERSONNEL SAVINGS RESULTS YTD 3RD QUARTER FY 2001-02



Maricopa County's YTD 3rd quarter FY 2001-02 gross actual personnel savings for all funds (excluding grants) of \$27.9 million represents a 6.1% savings over budget. General Fund YTD 3rd quarter FY 2001-02 gross actual personnel savings of \$18.9 million represents an 9.4% savings over the General Fund budget.



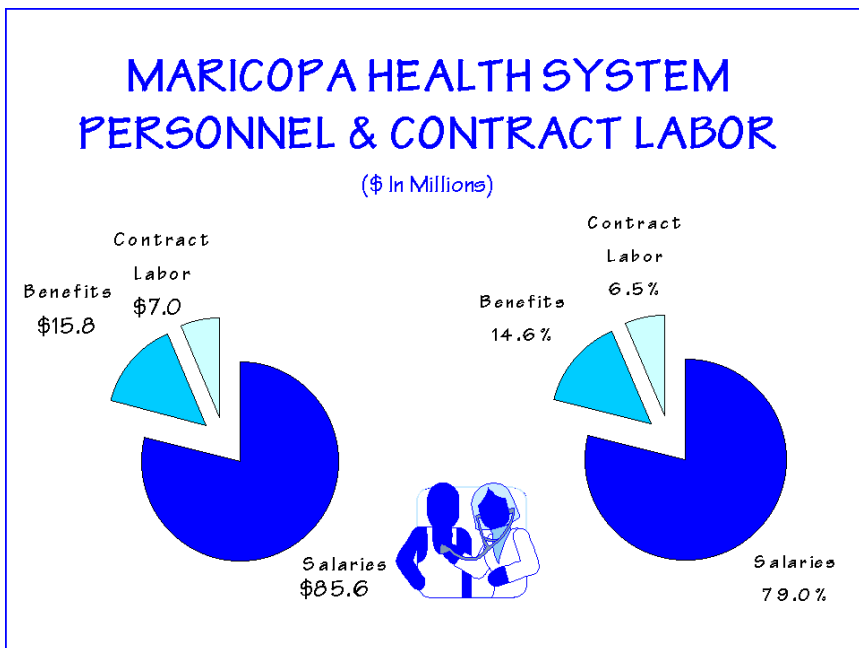
MARICOPA COUNTY FINANCIAL AND PERSONNEL RESULTS REPORT 3RD QUARTER FY 2001-02

The table below shows General Fund YTD 3rd quarter FY 2001-02 highest gross personnel savings listed by department.

GENERAL FUND MAJOR GROSS PERSONNEL SAVINGS BY DEPARTMENT	
Medical Eligibility	\$ 4,942,042
Sheriff	\$ 2,343,410
County Attorney	\$ 1,144,756
Superior Court	\$ 974,236
Clerk of Superior Court	\$ 834,408
Indigent Representation	\$ 727,398
Assessor	\$ 467,182
Facilities Management	\$ 450,387

Due to the high vacancy rates and attrition in the health care industry, the County must continue to rely upon more costly and erratic contract labor to meet customer demands.

As shown on the chart at right, total contract labor YTD 3rd quarter of FY 2001-02 represents 6.5% of the Maricopa Health System workforce, up over 1% from the 2nd quarter.



The Board of Supervisors approved 12,378 salary advancements with an annualized cost of \$19.0 million YTD 3rd quarter of FY 2001-02, an increase of 1,471 advancements from last quarter. 46% of 3rd quarter salary advancement increases occurred in the Sheriff's Office, Flood Control District, Adult Probation and Juvenile Probation. The Countywide average percentage of salary advancements issued YTD 3rd quarter remains level with the YTD 2nd quarter salary advancements of 5.7%.

Competitive salaries attract high achievers and contribute to low attrition. Previous employee satisfaction surveys listed pay as the main reason for voluntary separations. This is no longer the case. Salary advancements, which contribute to the retention of quality employees, include all personnel actions, such as job reclassifications, special salary advancements, grade adjustments, performance increases, etc., and also provide the means for maintaining labor market equity.



MARICOPA COUNTY FINANCIAL AND PERSONNEL RESULTS REPORT 3RD QUARTER FY 2001-02

YTD 3rd quarter salary advances completed through March 31, 2002 are listed on the table below.

DEPARTMENT NAME	NUMBER OF ADVANCEMENTS	ANNUALIZED COST OF ADVANCEMENTS	AVERAGE INCREASE
Adult Probation	791	\$716,600	3.39%
Animal Care and Control	18	\$24,721	8.03%
Assessor	285	\$208,740	2.93%
BOS District 1	3	\$8,002	13.77%
BOS District 2	2	\$13,476	22.16%
BOS District 3	1	\$3,237	16.64%
BOS District 4	0	\$0	0.00%
BOS District 5	0	\$0	0.00%
Chief Information Officer	58	\$84,054	4.19%
Clerk of Board of Supervisors	1	\$1,968	10.00%
Clerk of Superior Court	622	\$662,595	5.52%
Community Development	13	\$25,845	8.30%
Constables	6	\$5,309	3.56%
Correctional Health	139	\$177,089	6.70%
County Administrative Officer	8	\$15,499	4.74%
County Attorney	903	\$2,341,869	8.33%
County Call Center	22	\$30,364	6.51%
Criminal Justice Facilities Development	6	\$11,851	5.29%
Elections	43	\$114,912	11.68%
Emergency Management Svcs	15	\$15,894	5.15%
Environmental Services	254	\$315,617	6.40%
Equipment Services	63	\$76,871	4.28%
Facilities Management	171	\$216,802	5.09%
Finance	3	\$5,516	6.33%
Flood Control District	176	\$193,797	3.39%
General Government	1	\$1,051	3.52%
Health Care Mandates	2	\$7,516	16.16%
Housing	23	\$21,891	4.81%
Human Resources	79	\$86,856	3.81%
Human Services	299	\$610,915	9.32%
Indigent Representation	472	\$1,287,444	7.93%
Integrated Criminal Justice Info System	8	\$10,114	2.27%
Internal Audit	14	\$8,233	2.00%
Judicial Mandates	37	\$91,041	6.55%
Justice Courts	193	\$131,133	2.97%
Juvenile Probation	526	\$484,030	3.80%
Library District	141	\$445,534	16.48%
Management & Budget	14	\$21,083	4.18%
Maricopa Health Plans	329	\$555,091	6.82%
Maricopa Health System	2,045	\$3,030,882	5.35%
Materials Management	30	\$30,820	3.46%
Medical Eligibility	201	\$320,086	6.56%
Medical Examiner	59	\$112,994	6.08%
Parks & Recreation	69	\$80,703	5.63%
Planning & Development	100	\$100,419	4.54%
Public Fiduciary	28	\$11,601	2.85%
Public Health	390	\$377,624	5.36%
Recorder	52	\$116,996	10.07%
Research & Reporting	0	\$0	0.00%
Risk Management	17	\$27,329	4.26%
Sheriff	2,380	\$4,258,977	5.67%
Solid Waste Management	3	\$3,851	2.99%
Stadium District MLB	2	\$4,855	5.38%
Superintendent of Schools	16	\$22,194	5.00%
Superior Court	744	\$870,189	4.23%
Telecommunications	33	\$61,325	7.50%
Transportation	419	\$508,195	4.41%
Treasurer	49	\$58,157	4.03%
TOTALS	12,378	\$19,029,759	5.66%

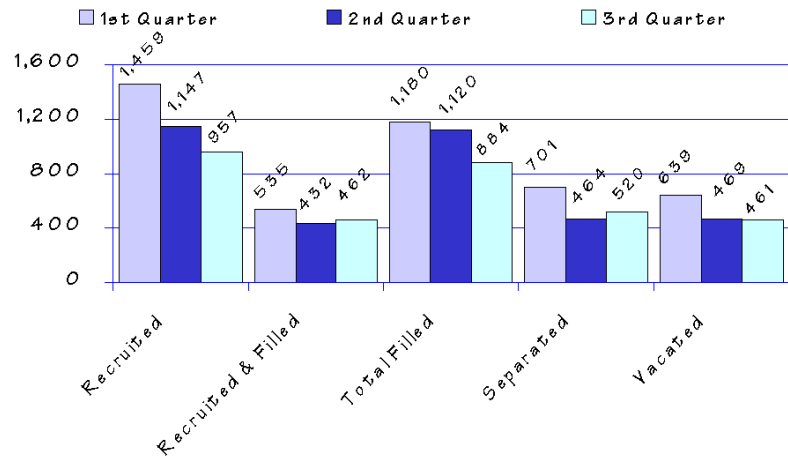


MARICOPA COUNTY FINANCIAL AND PERSONNEL RESULTS REPORT 3RD QUARTER FY 2001-02

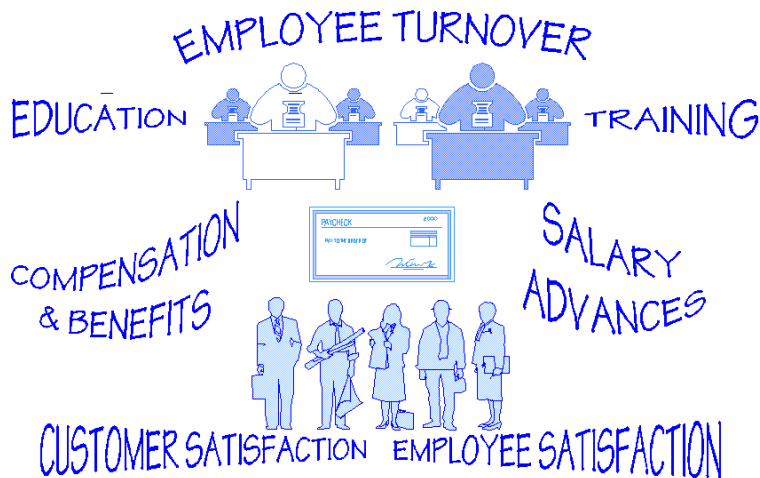
Maricopa County continues to focus on Managing for Results (MfR) in order to assist management in identifying trends before they happen. Tracking performance results provides information vital to decision-making.

The results of Maricopa County's belt-tightening may be viewed on the chart at right. The total numbers of positions recruited quarterly are down from the 1st and 2nd quarter. Recruited and filled positions are up slightly from the 2nd quarter. This increase may be an indication of the shrinking job market. The 3rd quarter increases in separations are mainly due to involuntary separations, and not a reflection of dissatisfaction on the part of employees. 3rd quarter vacated positions are within 1% of the 2nd quarter level.

MARICOPA COUNTY FY 2001-02 QUARTERLY RECRUITMENT RESULTS



HUMAN RESOURCES RESULTS & ADMINISTRATIVE INDICATORS



The chart at left shows a number of the MfR Human Resources performance results categories including administrative indicators.

Details of the Maricopa County Human Resources Strategic Plan, including performance plans and results are available on the Internet at the following sites:

<http://www.maricopa.gov/cio/mfr/viewOnly.asp> and selecting Human Resources, or at <http://www.maricopa.gov/cio/mfr/viewOnlyAll.asp?DID=77>.



Maricopa County strives to meet staffing objectives while increasing resource accountability through an ongoing commitment to attract and retain highly qualified, diversified and satisfied employees. The County maintains a value-added compensation plan, leave plan and employee programs that provides competitive salary, wages and benefits, creative recruitment and innovative retention strategies. One of the major areas recently addressed focuses upon employee benefits, in order to increase employee satisfaction and maintain a competitive edge.

MARICOPA COUNTY EMPLOYEE SATISFACTION SURVEYS

Working Conditions				
FY 96	FY 98	FY 01	YTD 2Q	FY 02
5.73	5.76	5.91	5.80	

Growth & Advancement				
FY 96	FY 98	FY 01	YTD 2Q	FY 02
5.27	5.46	5.65	5.64	

Compensation, Benefits & Rewards				
FY 96	FY 98	FY 01	YTD 2Q	FY 02
4.60	4.61	4.90	5.09	

Customer Orientation				
FY 96	FY 98	FY 01	YTD 2Q	FY 02
5.90	6.07	5.94	5.92	

Overall Satisfaction				
FY 96	FY 98	FY 01	YTD 2Q	FY 02
5.07	5.17	5.35	5.38	

Very Dissatisfied=2 Very Satisfied=8
Scores Above 5=Positive Scores Below 5=Negative

Maricopa County Employee Satisfaction Surveys provide management with critical information necessary to recruit and retain productive employees.

The County is moving forward in resolving retention and other employee issues, as addressed in the chart at left comparing FY 96 Employee Satisfaction Survey results to those of FY 98, FY 01 and YTD 2nd quarter FY 02. All areas of employee satisfaction remain relatively stable except for *working conditions*, which decreased 0.09 points and *compensation, benefits and rewards*, which increased 0.19 points. Although the survey

results are well above the 5.00 score, any decrease YTD 2nd quarter FY 02 alerts management to possible issues that need to be addressed.

Maricopa County's focus upon recruiting and retention strategies, along with results oriented performance, enables management to place a high value on its employees, provide quality customer directed services and achieves organization-wide objectives. Providing diversified employee compensation options in this tightening economy are key to retaining employees.



Personnel Costs & Savings

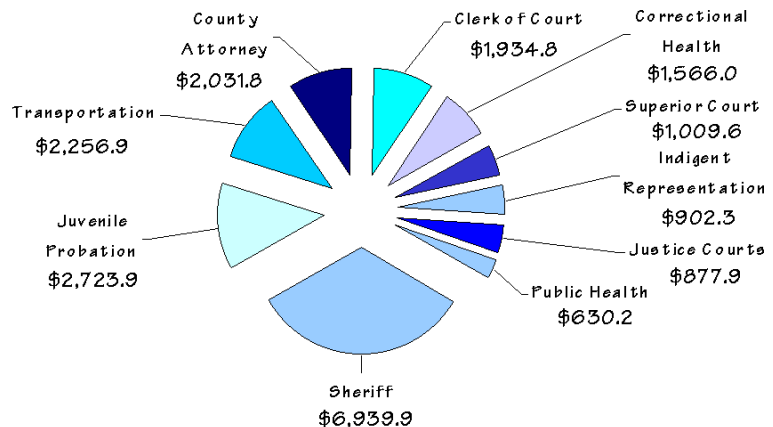
YTD 3rd quarter FY 2001-02 actual personnel costs for all funds (excluding grants) total \$429.4 million and gross actual personnel savings for all funds total \$27.9 million. Gross actual personnel savings represent 6.1% of total personnel costs. The table below compares actual personnel savings to budget.

MARICOPA COUNTY YTD 2ND QUARTER FY 2001-02 PERSONNEL SAVINGS - ALL FUNDS						
Total Budget Personnel Costs	Actual Personnel Costs	Gross Actual Personnel Savings	% Gross Actual Savings/ Total Budget	Budgeted Personnel Savings	Net Actual Savings (Above Budget)	% Net Actual Savings/ Budgeted Savings
\$457,285,459	\$429,364,192	\$27,921,267	6.1%	\$22,788,226	\$5,133,041	22.5%

Personnel savings result when positions remain vacant, the actual pay of a position's incumbent is lower than budgeted, or when compensation plan funding remains unused.

The chart at right shows the YTD 3rd quarter FY 2001-02 major gross personnel savings by department for all funds excluding grants.

MAJOR GROSS PERSONNEL SAVINGS BY DEPARTMENT FOR ALL FUNDS (\$ In Thousands)



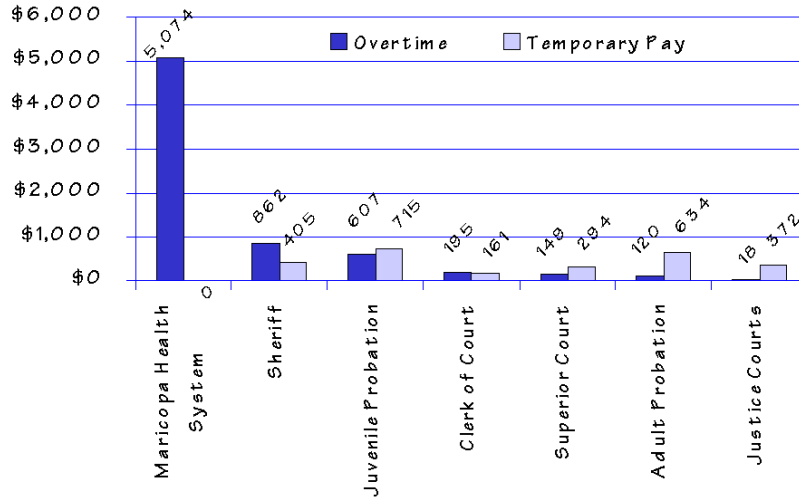
The table below shows major departmental savings as a percent of the total gross personnel savings. The departments shown represent \$20.8 million or 74.8% of the total gross personnel savings of \$27.9 million, which leaves \$7.1 million divided amongst the remaining 47 departments.

Department	Gross Personnel Savings	% Total Gross Personnel Savings
Sheriff	\$ 6,939,947	24.9%
Juvenile Probation	\$ 2,723,880	9.8%
Transportation	\$ 2,256,929	8.1%
County Attorney	\$ 2,031,768	7.3%
Clerk of Superior Court	\$ 1,934,843	6.9%
Correctional Health	\$ 1,566,019	5.6%
Superior Court	\$ 1,009,600	3.6%
Indigent Representation	\$ 902,285	3.2%
Justice Courts	\$ 877,867	3.1%
Public Health	\$ 630,327	2.3%
Remaining 47 Departments	\$ 7,047,802	25.2%



MARICOPA COUNTY FINANCIAL AND PERSONNEL RESULTS REPORT 3RD QUARTER FY 2001-02

OVERTIME & TEMPORARY PAY BY MAJOR DEPARTMENT YTD FY 2001-02



YTD 3rd quarter FY 2001-02 overtime paid totals \$8.1 million or 1.9% of actual personnel costs of \$429.4 million. Temporary pay totals \$4.7 million or 1.3% of actual personnel costs.

The chart at left shows the departments with the greatest overtime paid to date and the corresponding temporary pay. The Maricopa Health System overtime paid of over \$5 million represents 63.0% of year-to-date County overtime paid.

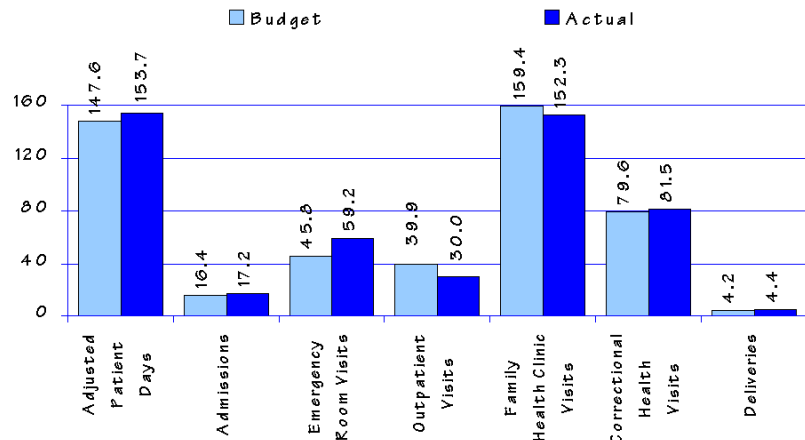
The Maricopa Health System represents 23.6% of Maricopa County's YTD 3rd quarter FY 2001-02 actual personnel costs for all funds excluding grants. The table below provides 3rd quarter personnel results for the Maricopa Health System.

Maricopa Health System YTD 3rd Quarter FY 2001-02 Personnel Results			
Budget Personnel Costs	Actual Personnel Costs	Gross Personnel Savings to Budget	% Gross Personnel Savings to Budget
\$96,516,524	\$101,343,617	(\$4,827,093)	(5.0%)

Adjusted patient days remain over budget due to increased patient loads. The growing demands for service continue to place additional burdens on the health system. The chart at right shows that adjusted patient days, admissions, emergency room visits and deliveries are all expanding.

Outpatient visits and family health clinic visits continue to fall below budget.

MARICOPA HEALTH SYSTEM 3RD QUARTER OPERATIONS RESULTS





MARICOPA COUNTY FINANCIAL AND PERSONNEL RESULTS REPORT 3RD QUARTER FY 2001-02

General Fund YTD 3rd quarter FY 2001-02 actual personnel cost total \$183.2 million and gross actual personnel savings total \$18.9 million. Gross actual personnel savings represent 9.4% of total personnel costs. The table below compares actual personnel savings to budget:

MARICOPA COUNTY YTD 3RD QUARTER FY 2001-02 PERSONNEL SAVINGS - GENERAL FUND						
Total Budget Personnel Costs	Actual Personnel Costs	Gross Actual Personnel Savings	% Gross Actual Savings/ Total Budget	Budgeted Personnel Savings	Net Actual Savings (Above Budget)	% Net Actual Savings/ Budgeted Savings
\$202,129,463	\$183,196,252	\$18,933,211	9.4%	\$14,360,596	\$4,572,615	31.8%

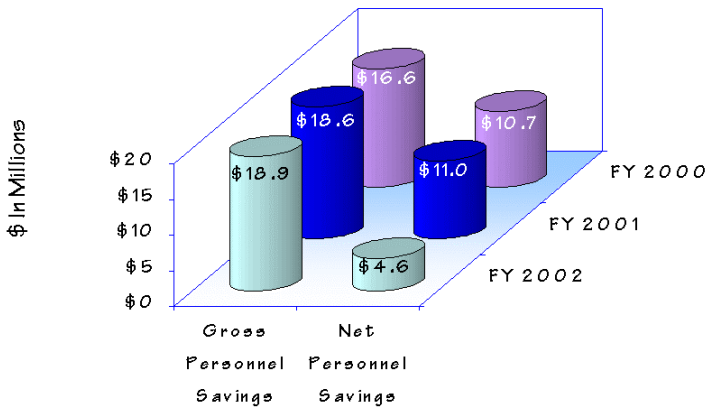
The table below shows the General Fund YTD 3rd quarter FY 2001-02 personnel savings by department, **excluding General Government and Medical Eligibility**.

GENERAL FUND PERSONNEL SAVINGS YTD 3RD QUARTER FY 2001-02 (Excluding General Government and Medical Eligibility)						
AGENCY NAME	GROSS BUDGET PERSONNEL COSTS	ACTUAL PERSONNEL COSTS	GROSS PERSONNEL SAVINGS	BUDGETED PERSONNEL SAVINGS	NET ACTUAL PERSONNEL SAVINGS	GROSS ACTUAL VARIANCE TO BUDGET
ADULT PROBATION	7,959,056	7,603,056	356,000	292,722	63,278	4.5%
ANIMAL CONTROL SERVICES	148,469	148,482	(13)	-	(13)	(0.0%)
ASSESSOR	9,546,526	9,133,919	412,607	467,182	(54,575)	4.3%
BOARD OF SUPERVISORS CLERK	279,586	262,734	16,852	-	16,852	6.0%
BOARD OF SUPERVISORS DISTRICT 1	161,290	153,930	7,360	-	7,360	4.6%
BOARD OF SUPERVISORS DISTRICT 2	153,194	138,004	15,190	-	15,190	9.9%
BOARD OF SUPERVISORS DISTRICT 3	163,149	149,369	13,780	-	13,780	8.4%
BOARD OF SUPERVISORS DISTRICT 4	149,225	133,043	16,182	-	16,182	10.8%
BOARD OF SUPERVISORS DISTRICT 5	160,178	156,006	4,172	-	4,172	2.6%
CHIEF INFORMATION OFFICER	3,008,482	2,790,311	218,171	180,134	38,037	7.3%
CLERK OF SUPERIOR COURT	15,308,631	13,892,211	1,416,420	834,408	582,012	9.3%
CONSTABLES	1,093,582	1,093,930	(348)	-	(348)	(0.0%)
COUNTY ADMINISTRATIVE OFFICER	863,014	686,779	176,235	24,930	151,305	20.4%
COUNTY ATTORNEY	28,393,925	26,362,157	2,031,768	1,144,756	887,012	7.2%
COUNTY CALL CENTER	849,018	780,092	68,926	37,038	31,888	8.1%
ELECTIONS	2,194,717	1,899,536	295,181	87,117	208,064	13.4%
EMERGENCY MANAGEMENT	51,477	38,428	13,049	7,636	5,413	25.4%
ENVIRONMENTAL SERVICES	425,599	404,377	21,222	6,907	14,315	5.0%
FACILITIES MANAGEMENT	6,879,881	6,373,711	506,170	450,387	55,783	7.4%
FINANCE	1,416,981	1,221,451	195,530	67,687	127,843	13.8%
HEALTH CARE MANDATES	1,540,156	1,229,890	310,266	57,472	252,794	20.1%
HUMAN RESOURCES	2,779,405	2,675,808	103,597	80,719	22,878	3.7%
HUMAN SERVICES	272,094	266,052	6,042	-	6,042	2.2%
INDIGENT REPRESENTATION	21,258,480	20,356,195	902,285	727,398	174,887	4.2%
INTERNAL AUDIT	732,901	711,591	21,310	13,494	7,816	2.9%
JUDICIAL MANDATES	1,648,287	1,539,268	109,019	113,931	(4,912)	6.6%
JUSTICE COURTS	9,599,186	8,758,831	840,355	399,766	440,589	8.8%
JUVENILE PROBATION	7,335,461	6,895,916	439,545	209,074	230,471	6.0%
MANAGEMENT & BUDGET	1,163,691	1,067,331	96,360	98,020	(1,660)	8.3%
MATERIALS MANAGEMENT	993,490	972,759	20,731	78,310	(57,579)	2.1%
MEDICAL EXAMINER	2,617,943	2,250,489	367,454	152,105	215,349	14.0%
PARKS & RECREATION	939,487	763,941	175,546	51,356	124,190	18.7%
PUBLIC FIDUCIARY	1,214,638	1,162,535	52,103	63,706	(11,603)	4.3%
PUBLIC HEALTH	3,779,457	3,377,009	402,448	251,593	150,855	10.6%
RECORDER	1,156,137	1,083,703	72,434	63,755	8,679	6.3%
SHERIFF	27,676,915	25,019,058	2,657,857	2,343,410	314,447	9.6%
SUPERINTENDENT OF SCHOOLS	1,154,025	953,265	200,760	45,438	155,322	17.4%
SUPERIOR COURT	26,226,683	25,766,916	459,767	974,236	(514,469)	1.8%
TREASURER	2,149,353	1,969,141	180,212	93,867	86,345	8.4%
TOTAL	193,443,769	180,241,225	13,202,544	9,418,554	3,783,990	6.8%

With the passing of Proposition 204, Eligibility Determinations for Indigent Health Care became the responsibility of the State of Arizona. As a result, the Maricopa County Department of Medical Eligibility and its employees were transferred to the State effective October 1, 2001.



YTD 3RD QUARTER GENERAL FUND PERSONNEL SAVINGS COMPARISON

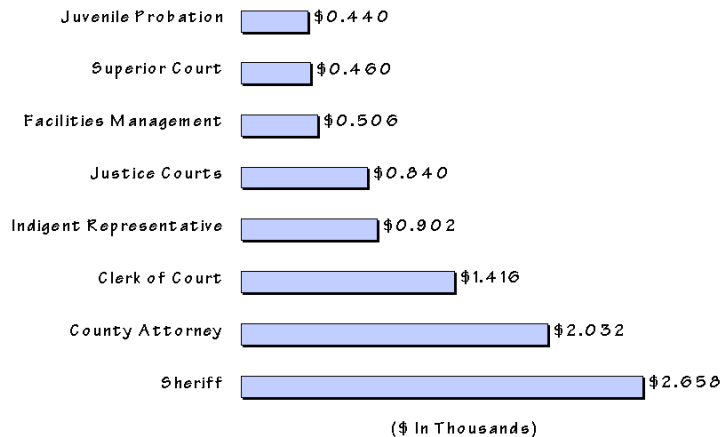


The chart at left provides a comparison of YTD 3rd quarter gross personnel savings to net savings above budget for the General Fund.

YTD 3rd quarter FY 2001-02 General Fund *actual* personnel costs total \$183.2 million, *gross* personnel savings for the General Fund total \$18.9 million and net actual personnel savings total \$4.6 million. General Fund *gross* personnel savings represent 10.3% of *actual* personnel costs.

General Fund departments showing the largest gross personnel savings are reflected on the chart at right.

MAJOR GENERAL FUND GROSS PERSONNEL SAVINGS YTD 3RD QUARTER



Changes in the number of authorized positions, vacant positions, employee turnover, timing issues related to filing newly created positions, recruitment efforts, employee satisfaction, and the state of the economy potentially impact personnel savings. Through *Managing for Results* initiatives, departments are better able to measure their personnel costs and associated personnel savings results in terms of attaining strategic objectives, thus improving financial accountability to employees and citizens alike.



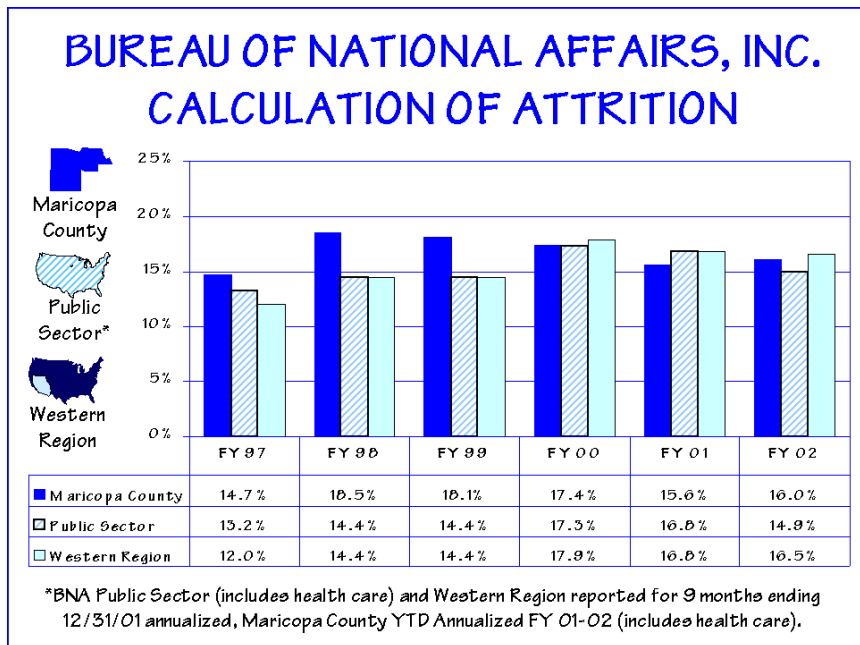
Attrition & Vacancy Rates

Employee attrition, or turnover, results from employee separations and remains a major concern for employers nationwide. Replacing quality employees may involve additional hiring and training costs, possible service disruptions, and increased workloads for existing employees.

Maricopa County utilizes the Bureau of National Affairs, Inc., (BNA, Inc.), formula for calculating attrition and annualizes the result in order to compare itself to other public and private sector organizations. The BNA, Inc. calculated attrition formula compares the number of separating employees (true attrition based upon employees leaving the County) to the total number of filled positions. Maricopa County's *annualized* 3rd quarter FY 2001-02 attrition, or turnover stands at 14.9%, up 1.5 basis points from the 2nd quarter's 13.4%. This increase in attrition is directly related to an increase in involuntary separations during the 3rd quarter FY 2001-02.

The chart at right compares Maricopa County's attrition rates to that of the public sector and western region of the nation. Maricopa County's YTD FY 2001-02 annualized attrition increase is discussed later in this section.

Attrition calculations do not include layoffs or reductions-in-force. During times of recession attrition tends to decrease. Employees may be hesitant to pursue new employment opportunities, possibly due to higher unemployment rates and a less certain job market.



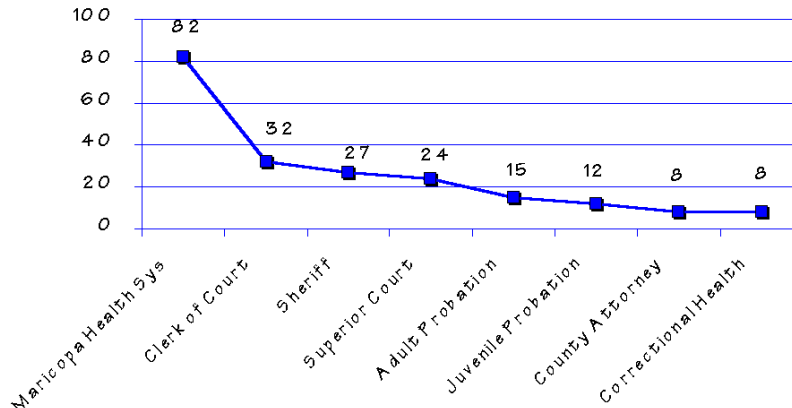
During departmental strategic planning and the annual budget process, an emphasis is placed upon attrition in order to highlight possible retention issues. The components that make-up attrition are provided on the chart below.

Maricopa County Regular Employees				
	3 rd Quarter FY 1999	3 rd Quarter FY 2000	3 rd Quarter FY 2001	3 rd Quarter FY 2002
Number of Filled Positions	12,142	12,963	13,796	13,935
Number of Voluntary Separations	469	415	528	366
Number of Involuntary Separations	78	107	145	154
Total Employee Separations	547	522	673	520

Involuntary separations have continued to increase during the 3rd quarter for the past four fiscal years. Voluntary separations decreased after the 2nd quarter of FY 2001-02 primarily due to the transfer of the Medical Eligibility department to the State of Arizona.



HIGHEST YTD 3RD QUARTER INVOLUNTARY SEPARATIONS BY RELEASE CATEGORY



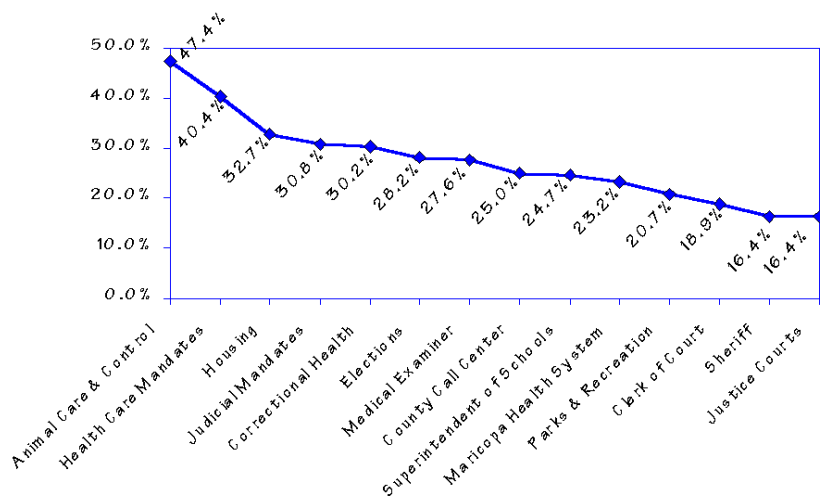
Separations are classified as either voluntary or involuntary. Involuntary separations due to employees being released while on initial probation or involuntary leave from unclassified status represent 72.8% of total YTD 3rd quarter involuntary separations, of which 28.6% are from the Maricopa Health System. This may be an indication of hiring or training issues.

The chart at left shows the YTD 3rd quarter major involuntary separations due to the "released" category.

Departments with more than 25 employees, showing the highest average YTD 3rd quarter rates of attrition, average rates higher than the Countywide average of 16.0%, are provided on the chart at right. These departments have the highest rate of employee separations compared to the total number of filled positions.

Issues are being addressed to reduce the relatively high turnover in these departments.

HIGHEST AVERAGE YTD 3RD QUARTER ATTRITION BY DEPARTMENT



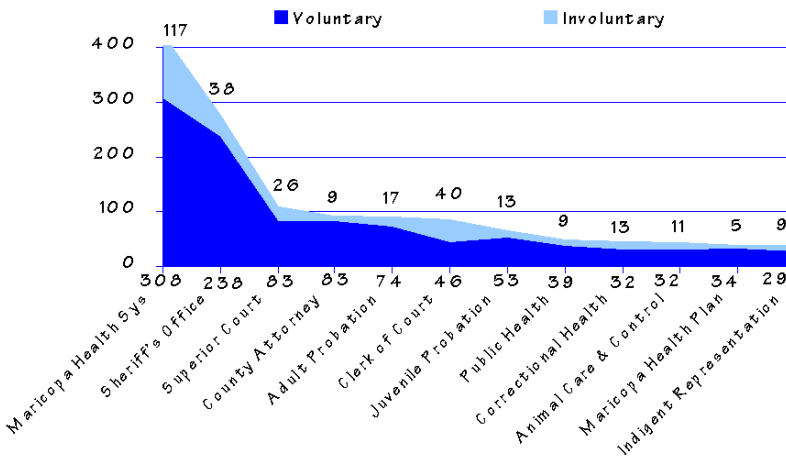
As of March 31, 2002, a total of 13,935 positions were filled Countywide. During the 3rd quarter FY 2001-02 a total of 520 employees separated leaving the annualized 3rd quarter attrition rate at 14.9%. The FY 2001-02 quarterly attrition rates are provided on the table below.

	YTD 3 rd Quarter FY 2002	3 rd Quarter FY 2002	2 nd Quarter FY 2002	1 st Quarter FY 2002
Countywide Attrition	16.0%	14.9%	13.4%	20.4%

The drop in attrition between the 1st and 2nd quarter reflects the transfer of Maricopa County's Department of Medical Eligibility to the State of Arizona. The Department of Medical Eligibility attrition rates consistently remained one of the County's highest.



YTD 3RD QUARTER FY 2001-02 MAJOR DEPARTMENTAL SEPARATIONS

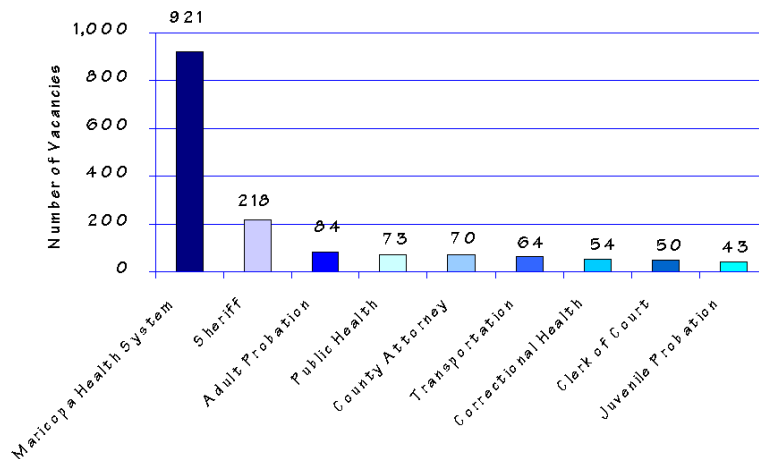


Of the 1,675 separations YTD 3rd quarter FY 2001-02, 1,358 or 81.1% occurred in 13 or 22.8% of Maricopa County's 57 departments shown on the chart at left. The remaining 317 separations occurred in 44 departments. The numbers of voluntary and involuntary separations are also shown.

Vacant positions are examined to ensure correct funding levels through the use of the vacancy rate. The formula used to calculate Maricopa County's vacancy rate compares the number of vacant positions to total authorized budget positions, those positions that are fully funded. The chart at right displays the departments with the highest number of vacancies as of March 31, 2002.

Inquiries are being made to understand the relatively high vacancy rates in these departments. Some of these positions may be left open in order to create vacancy savings.

MAJOR DEPARTMENTAL VACANCIES AS OF MARCH 31, 2002



Managing vacancies is a results oriented strategic activity. Goals need to be identified and achievements measured to determine if the workforce delivers the programs, activities and services in achieving desired results at a desired level of employment.



MARICOPA COUNTY FINANCIAL AND PERSONNEL RESULTS REPORT 3RD QUARTER FY 2001-02

The table below compares the *average* YTD 3rd quarter FY 2001-02 vacancy rate to the *annualized* YTD 3rd Quarter FY 2001-02 rate of attrition.

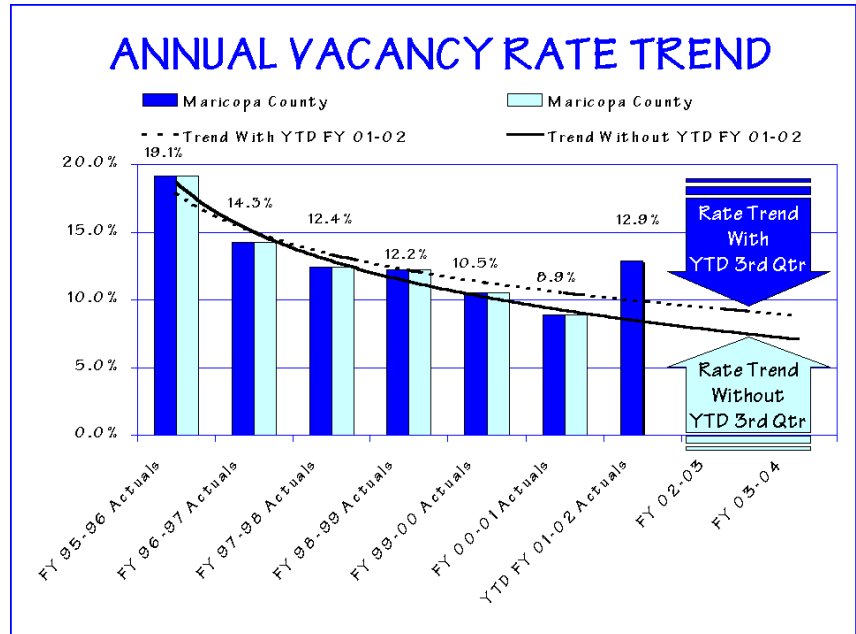
AGENCY NAME	AVERAGE YTD 3RD QTR VACANCY RATE	ANNUALIZED YTD 3RD QTR RATE OF ATTRITION
ADULT PROBATION	7.3%	11.1%
ANIMAL CARE AND CONTROL	14.5%	47.4%
ASSESSOR	6.3%	8.7%
BOARD OF SUPERVISORS CLERK	8.3%	0.0%
BOARD OF SUPERVISORS DISTRICT 1	8.3%	88.9%
BOARD OF SUPERVISORS DISTRICT 2	0.0%	0.0%
BOARD OF SUPERVISORS DISTRICT 3	0.0%	0.0%
BOARD OF SUPERVISORS DISTRICT 4	11.1%	66.7%
BOARD OF SUPERVISORS DISTRICT 5	0.0%	0.0%
CLERK OF SUPERIOR COURT	9.5%	18.9%
COMMUNITY DEVELOPMENT	3.3%	0.0%
CONSTABLES	0.0%	4.4%
CORRECTIONAL HEALTH	24.3%	30.2%
COUNTY ADMINISTRATION OFFICE	13.0%	16.7%
COUNTY ATTORNEY	8.0%	14.4%
COUNTY CALL CENTER	5.1%	25.0%
CRIMINAL JUSTICE FACILITIES	0.0%	0.0%
DEPARTMENT OF FINANCE	10.5%	13.3%
ELECTIONS	1.9%	28.2%
EMERGENCY MANAGEMENT	2.2%	9.5%
ENVIRONMENTAL SERVICES	7.9%	8.5%
EQUIPMENT SERVICES	4.2%	9.2%
FACILITIES MANAGEMENT	7.4%	12.7%
FLOOD CONTROL DISTRICT	6.3%	8.1%
HEALTH CARE MANDATES	32.3%	40.4%
HOUSING	16.7%	32.7%
HUMAN RESOURCES	5.7%	10.4%
HUMAN SERVICES	10.0%	15.2%
INDIGENT REPRESENTATION	5.3%	10.1%
INTEGRATED CRIMINAL JUSTICE INFORMATION SYSTEM	4.8%	10.3%
INTERNAL AUDIT	0.0%	0.0%
JUDICIAL MANDATES	6.5%	30.8%
JUSTICE COURTS	6.5%	16.4%
JUVENILE PROBATION	5.8%	11.2%
LIBRARY DISTRICT	11.7%	6.4%
MANAGEMENT & BUDGET	12.3%	7.8%
MARICOPA HEALTH PLAN	21.1%	14.6%
MARICOPA HEALTH SYSTEM	28.5%	23.2%
MATERIALS MANAGEMENT	5.2%	10.5%
MEDICAL EXAMINER	8.5%	27.6%
OFFICE OF THE CIO	6.1%	6.3%
PARKS & RECREATION	9.3%	20.7%
PLANNING & DEVELOPMENT	3.4%	6.5%
PUBLIC FIDUCIARY	6.7%	7.8%
PUBLIC HEALTH	15.6%	13.9%
RECORDER	5.7%	10.1%
RESEARCH & REPORTING	33.3%	0.0%
RISK MANAGEMENT	5.1%	7.4%
SHERIFF	7.6%	16.4%
SOLID WASTE GENERAL	13.9%	12.1%
STADIUM DISTRICT MLB	8.3%	44.4%
SUPERINTENDENT OF SCHOOLS	19.3%	24.7%
SUPERIOR COURT	4.2%	15.4%
TELECOMMUNICATIONS	4.7%	3.3%
TRANSPORTATION	11.1%	11.8%
TREASURER	12.5%	7.3%
COUNTYWIDE TOTALS	12.9%	16.0%



MARICOPA COUNTY FINANCIAL AND PERSONNEL RESULTS REPORT 3RD QUARTER FY 2001-02

Departments with small numbers of employees (less than 25) are not used for demonstration purposes. A change of one or two vacancies, positions or terminations in small departments reflects a higher percentage change than those same movements within larger departments. These higher percentage changes may or may not reflect significant issues within these smaller departments.

As shown on the chart at right, Maricopa County's incremental vacancy rates trends without the YTD 3rd quarter FY 2001-02 declined by nearly 55% since FY 1995-96. The incremental vacancy rate trend with the YTD 3rd quarter FY 2001-02 declines by less than 50%.



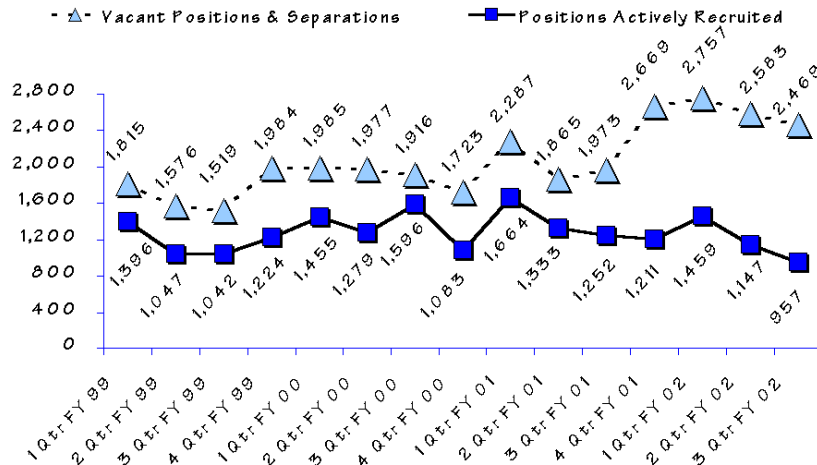
Departments showing the highest vacancies as of March 31, 2002 are listed on the table below, as are the total vacant positions at the end of the 1st and 2nd quarters of FY 2001-02 and YTD 3rd quarter FY 2001-02 vacancy rates. High vacancies alone do not equate to high vacancy rates. The number of vacant positions as compared to the total number of positions authorized in the budget process completes the vacancy rate equation.

Department	Vacancy Rates YTD 3 rd Quarter	Vacancies as of 9/30/01	Vacancies as of 12/31/01	Vacancies as of 3/31/02
Maricopa Health System	28.5%	904	1,051	921
Sheriff	7.6%	184	159	218
Adult Probation	7.3%	87	85	84
Public Health	15.6%	94	80	73
County Attorney	8.0%	84	66	70
Transportation	11.1%	50	52	64
Justice Courts	10.1%	21	17	54
Clerk of Superior Court	9.5%	77	58	50
Juvenile Probation	5.8%	48	51	43
Countywide	12.9%	2,056	2,134	1,949

770 positions were vacated Countywide YTD 3rd quarter FY 2001-02, not including the Department of Medical Eligibility, and a total of 1,675 employee separations took place during the same period. A position is vacated when an employee leaves one department for another. Separations represent employees leaving the service of Maricopa County.



VACANT POSITIONS & SEPARATIONS VS. ACTIVELY RECRUITED POSITIONS

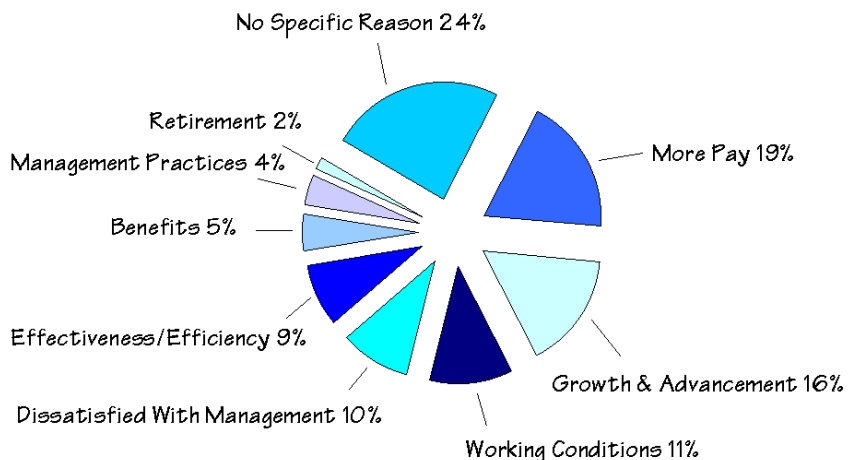


The chart at left combines the number of positions vacant with quarterly separations and compares them to the total number of positions actively recruited during each quarter. Analysis of this data assists management in determining the impact of recruitment efforts on attrition.

Attrition is an indication of how well employers hold on to their employees. Maricopa County continues to examine employee issues in combination with recruitment and retention efforts in order to stem the tide of employee separations. Attrition may be directly related to employee satisfaction.

Employee issues are addressed through employee satisfaction survey results annually. The chart at right provides the results of a rolling 12 month average of quarterly exit interviews of employees voluntarily leaving the service of Maricopa County.

EXIT INTERVIEW VOLUNTARY SEPARATION REASONS*



*Rolling 12 Month Average as of March 31, 2002

Additional information regarding the most recent exit interview results may be found in the Employee Retention section of this document.

Maricopa County continues to place an emphasis on reducing attrition by examining market equity issues, performance management, competitive benefits and employee growth opportunities, such as tuition reimbursement. Market equity has been achieved through salary surveys and other ongoing initiatives to retain capable and responsible staff. By attaining a level of pay, benefits and other compensation options for all employees addresses past issues that have hindered the County's ability



to attract and retain a quality workforce.



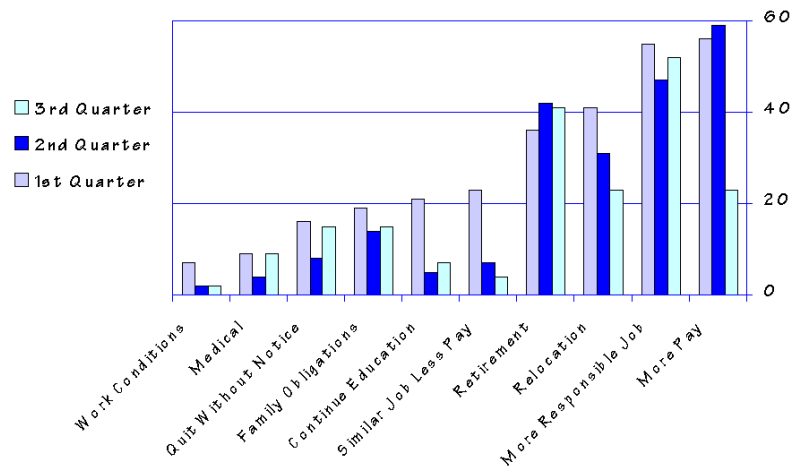
Employee Retention

Faced with a sluggish economy and tight budgetary restraints, voluntary separations remain a major concern for Maricopa County. Voluntary separations impose significant financial and operational impacts to County departments. Recruiting, selecting, hiring, and training new employees involve costs other than time and money. Employee morale may nose-dive as remaining employees attempt to fill-the-gap. Customer and employee satisfaction may suffer as well as productivity.

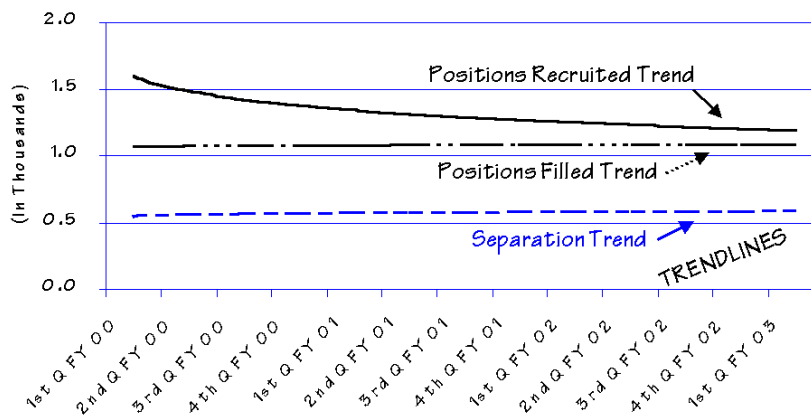
Voluntary separation reasons are compared by quarter on the chart at right. Pay appears to be the area that represents the greatest decline in voluntary separations. This decline, which appears during the 3rd quarter, may be due to employee satisfaction as well as economic reasons.

Employee retention requires workplace balance between what employee's want in their lives and what the County requires to meet its' citizens' needs. Maricopa County strives to maintain that balance by providing highly competitive compensation.

VOLUNTARY SEPARATIONS QUARTERLY FY 2001-02



MARICOPA COUNTY QUARTERLY TRENDS



Evaluating the County's personnel retention programs through measurable performance results in such areas as employee satisfaction, recruitment strategies and employee separations play a crucial role in identifying employee needs.

One measure of retention success is demonstrated through the trend results provided on the chart at left. The positions filled and separation trendline appear flat while the positions recruited trendline continues to decline.



MARICOPA COUNTY FINANCIAL AND PERSONNEL RESULTS REPORT 3RD QUARTER FY 2001-02



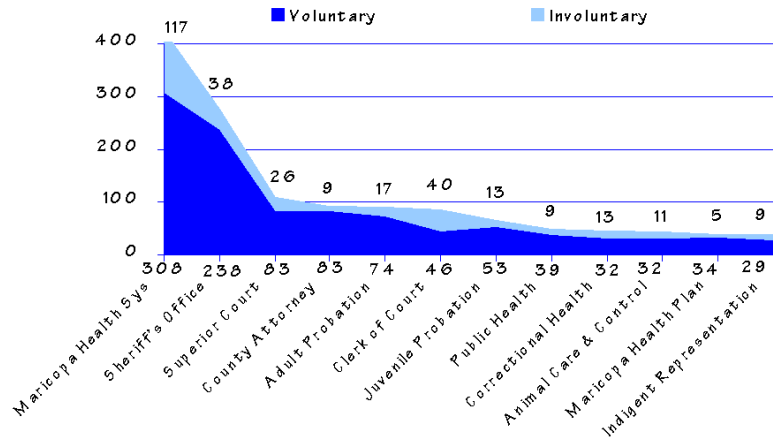
MARICOPA COUNTY FINANCIAL AND PERSONNEL RESULTS REPORT 3RD QUARTER FY 2001-02

Separation information is vital to improving the quality of working life as well as solving attrition issues. Separations remain a key indicator of employee satisfaction and provide management with an opportunity to assess and resolve staffing issues.

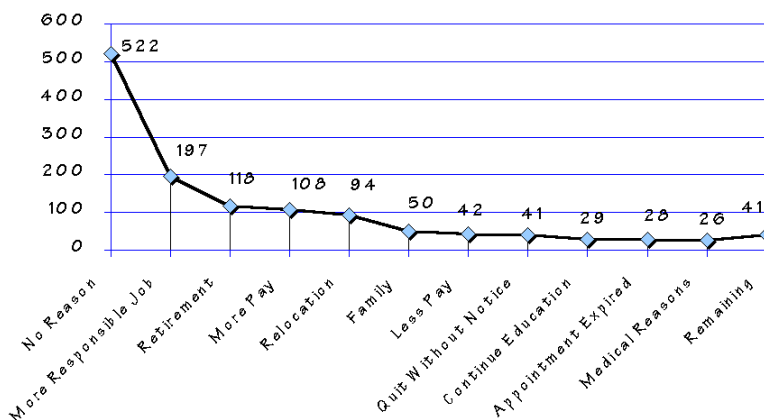
YTD 3rd quarter FY 2001-02 separations total 1,675. The departments showing the largest number of total separations are provided on the chart at right. Major departmental separations are broken-out by voluntary and involuntary.

Management is able to address current issues, increase employee satisfaction and reduce the number of employees leaving the County voluntarily by examining separation reasons. Information provided by separating employees is a critical factor in improving the work environment, quality of work generated and customer satisfaction.

YTD 3RD QUARTER FY 2001-02 MAJOR DEPARTMENTAL SEPARATIONS



YTD 3RD QUARTER VOLUNTARY SEPARATIONS BY REASON



The chart at left shows the major YTD 3rd quarter FY 2001-02 voluntary separations by reason as provided by departments at the time of employee separation. Departments collect separation data upon termination of employment for reporting purposes.

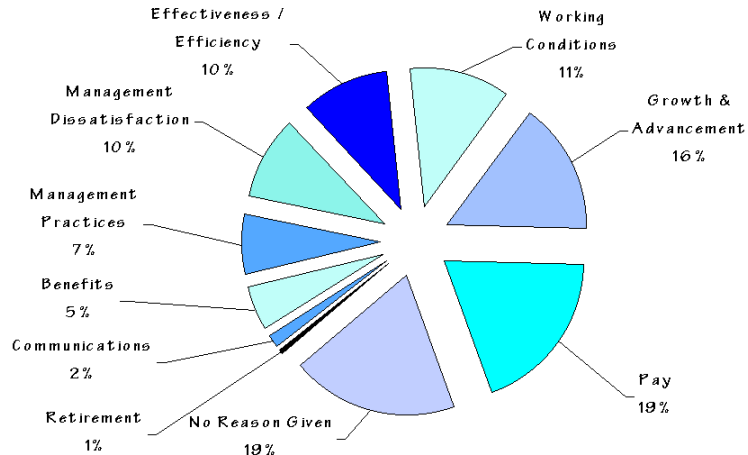
Emphasis is placed upon voluntary separations due to their greater impact on attrition, employee morale, and customer service.

Maricopa County's Research and Reporting department conducts confidential exit interviews shortly after an employee separates. The result of the interviews is compiled and reported in such a way as to maintain the privacy of the individuals interviewed. It is believed that this information is more accurate than the information obtained by the department due to the ability to maintain anonymity.

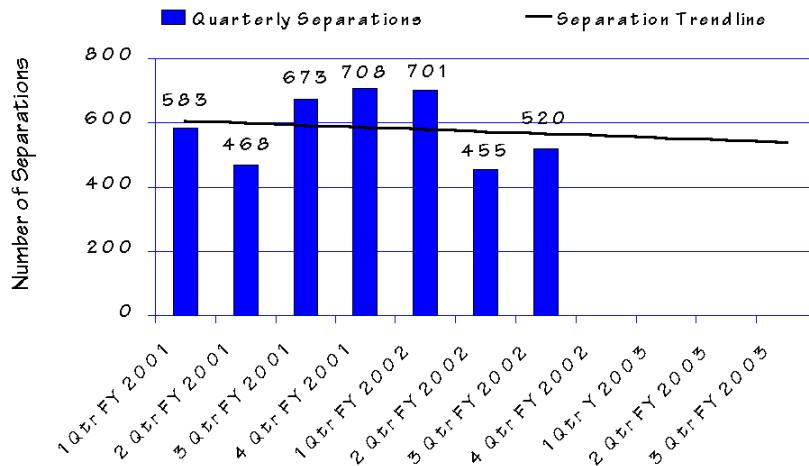


The chart at right provides the top voluntary separation reasons given by employees after separating through the exit interview process, as performed by the County's Research and Reporting department.

YTD 3RD QUARTER EXIT INTERVIEW VOLUNTARY SEPARATION REASONS



QUARTERLY SEPARATION TREND



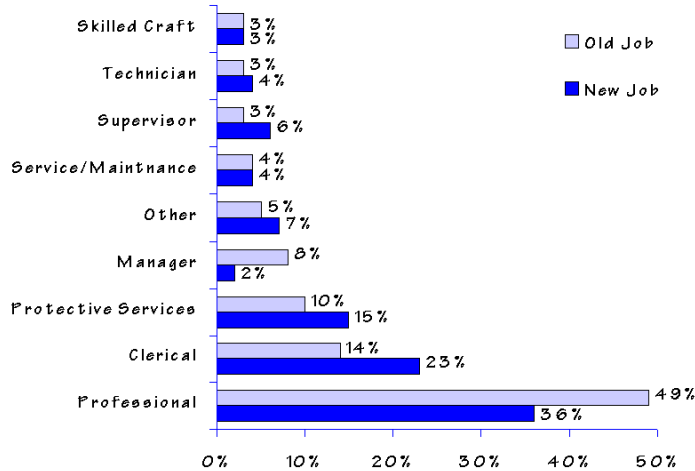
The chart at left demonstrates the declining trend in separations over time.

Successful employee retention results require knowledge of employee issues, knowledge of the competition in the local job market and a management team that is equipped to assess emerging personnel trends in order to promote a climate where employees are provided personal and career growth opportunities. Maricopa County's retention strategy strives to meet these objectives while increasing resource accountability through an ongoing commitment to attract and retain highly qualified, diversified and satisfied employees.

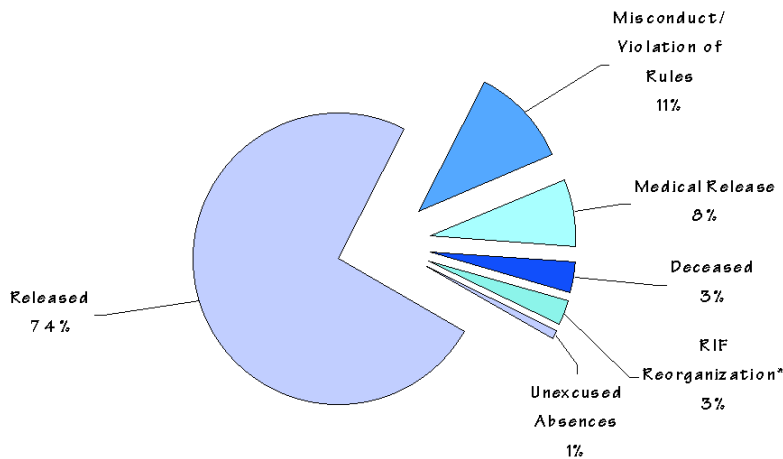


The chart at right shows the job classifications of employees that voluntarily left Maricopa County (indicated as "old job"), as compared to their "new job" classification outside of Maricopa County. These exit interview results cover the 12 months ending March 31, 2002. This information was obtained via exit interviews performed after separation from County employment.

EXIT INTERVIEW RESULTS SEPARATIONS BY JOB CLASSIFICATION



HIGHEST 3rd QUARTER INVOLUNTARY SEPARATION REASONS



Maricopa County's highest YTD 3rd quarter FY 2001-02 involuntary separations by category are shown on the chart at left. Employees released represent involuntary separations while on initial probation or involuntary leave from unclassified status. The number of employees released may be reduced through recruiting, hiring and training practices.

It is incumbent upon management to analyze employee separation reasons in order to develop retention strategies. Maricopa County now maintains strategic processes through Managing for Results (MfR) that are geared to align employee performance with a personal commitment and cooperation in achieving and maintaining Countywide strategic goals. Retaining productive and satisfied employees remains a major concern, particularly during difficult economic times. Replacing productive employees involves additional hiring and training costs, may impact citizen services and potentially increases workloads for existing employees.



New Directions

Maricopa County continues to focus on Managing for Results initiatives in order to promote accountability to citizens and enhance the quality of life for all residents, while increasing employee satisfaction. As evidence of this ongoing endeavor, Maricopa County ranked among the highest scorers overall in the Government Performance Project (GPP). The GPP is sponsored by *Governing Magazine* and the Maxwell School at Syracuse University. The GPP examined 40 counties (out of over 3,000) in four regions of the nation that had the highest revenues. Maricopa County was sited as being a standout and at the head of the class overall. The County was one of three counties receiving the highest score in the area of Managing for Results, an A-.

Maricopa County's Managing for Results (MfR) focuses on results for customers. Through the County's MfR system, employee performance plans are linked to department and Countywide strategic goals. Employee satisfaction is a key ingredient to Maricopa County's success in MfR. Management is eager to examine and address employee issues. Annual Employee Satisfaction Surveys, Exit interviews, and Work Climate Assessment Surveys are used in an effort to ascertain and resolve employee issues.

Employee satisfaction is a major concern of management. Maricopa County departments are eager to resolve any issues addressed in the annual Employee Satisfaction Surveys. The results of FY 1995-96 versus FY 2000-01 Employee Satisfaction Surveys are provided on the chart at right.

Overall employee satisfaction has increased 28%. This may be attributed to management's concern regarding retention of quality employees while focusing on customer results.



Maricopa County continues to develop programs to enhance employee satisfaction and motivation. Programs currently in place address employee compensation, health issues, morale, productivity and organizational knowledge that enhances a personal commitment and cooperation in attaining Countywide objectives.